

# London Borough of Hackney Pension Fund

## Conflicts of Interest Policy



# Conflicts of Interest Policy

## Introduction

The Pensions Regulator General Code of Practice which came into force in March 2024, acknowledges that conflict of interest may arise from time to time while running a pension scheme, either among members of the governing body themselves, or with service providers, sponsoring employers, advisers, and others. Conflicts can also arise for members of the governing body who for example, are members of the scheme or who represent trade unions. Conflicts of interest may be either actual conflicts or potential conflicts. Unless otherwise stated, references to 'conflict of interest' include both actual and potential conflicts.

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of the London Borough of Hackney Pension Fund, which is managed by the London Borough of Hackney ("the Council"). The Policy details how actual and potential conflicts of interest and risks are identified and managed by those involved in the management and governance of the London Borough of Hackney Pension Fund whether directly or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pensions Committee members, local Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct such as the Pensions Regulator Code of Practice, it aims to ensure that they do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

## Aims and Objectives

In relation to the governance of the Fund, the Administering Authority's objectives are to ensure that:

- all staff and Pensions Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is open in all its dealings and readily provides information to interested parties
- to aid good governance
- all relevant legislation is understood and complied with
- the Fund is at the forefront of best practice for LGPS funds
- all Conflicts of Interest are managed appropriately

- the risk to the Fund that conflicts of interest crystallise is minimised.

The identification, monitoring and management of potential and actual conflicts of interest is therefore integral to the Administering Authority achieving its governance objectives.

### **To whom this Policy Applies**

This Conflicts of Interest Policy applies to all members of the Pensions Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not. It applies to all members of the London Borough of Hackney Pension Fund Investment and Administration Team and the Chief Finance Officer (Section 151 Officer).

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

The Assistant Director, Pension Fund Investment & Administration will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as he or she considers appropriate.

To ensure transparency, where this policy applies to the Assistant Director, Pension Fund Investments & Administration Fund. The Group Director, Finance and Corporate Services and s151 Officer will monitor.

This Policy also applies to all advisers, London CIV and suppliers to the Fund, whether advising the Pension Board, Pensions Committee or Fund officers, in relation to their role in advising or supplying the Fund.

In this Policy, reference to advisers includes all advisers, suppliers, London CIV when providing strategic advice or other support services via LCIV Pensions Advisory Support Services (PASS) and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, governance consultants, third party administrators, fund managers, lawyers, custodians, AVC providers and where the LGPS Pools acts as an adviser to the administering authority. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with the Administering Authority on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

### **Legislative and related context**

There are a number of overriding requirements relating to the management of potential or actual conflicts of interest for those involved in LGPS funds which are included in legislation

or guidance. These are considered further below.

### *The Public Service Pensions Act 2013*

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the Administering Authority) must be satisfied that a local pension board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires local pension board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issues (see below).

### *The Local Government Pension Scheme Regulations 2013*

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that local pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and local pension boards.

### *The Pensions Act 2004*

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating governance matters including conflicts of interest for pension board members. The Pensions Regulator has issued a General Code of Practice for occupational pension schemes and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of ensuring that the scheme is administered and managed in accordance with the requirements of the law.

### *CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance*

The CIPFA governance principles guidance states "the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have." It includes some examples of how conflicts of interest could arise in these new roles. It highlights the need for Administering Authorities to:

- update their conflicts policies to have regard to asset pooling;
- remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities; ensure declarations are updated appropriately.

This Conflicts of Interest Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

### *The Localism Act 2011*

Chapter 7 of this Act requires councillors to comply with the code of conduct of their local authority and that code of conduct must be consistent with the Seven Principles of Public Life (considered further below). In addition the Act requires that the code of conduct must include provisions requiring the disclosure and registration of pecuniary interests and interests other than pecuniary interests.

### *The Seven Principles of Public Life*

Otherwise known as the 'Nolan Principles', the seven principles of public life apply to anyone who works as a public office holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services

The principles also apply to all those in other sectors that deliver public services.

Many of the principles are integral to the successful implementation of this Policy. The principles are as follows:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

### *Advisers' Professional Standards*

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

A separate update will be provided in respect of conflict of interests which apply to advice provided by London CIV.

### *Stewardship Code*

Principle 2 of the UK Stewardship Code requires institutional investors to have a robust policy on managing conflicts of interest in relation to stewardship and this policy must be

publicly disclosed.

## **Other Administering Authority Requirements**

### ***Pension Fund Committee Members***

In addition to the requirements of this Policy, Pensions Committee members and co-opted members (including non-voting co-opted members) are required to adhere to the Hackney Council Members' Code of Conduct which, in Part 2, includes requirements in relation to the disclosure and management of pecuniary and other interests.

### ***Local Pension Board Member***

In addition to the requirements of this Policy, Local Pension Board members are required to adhere to Part 7 of the Terms of Reference of the Local Pension Board. This includes the following requirements:

*"Part 2 of Hackney Council's Code of Conduct for Members and Co-optees shall apply in relation to the management of conflicts of interest on the Pension Board with the exception of the registration of pecuniary interests and how interests are to be disclosed which are detailed below.*

*Each member of the Pension Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Director, Financial Management and the Director Legal, Democratic Electoral Services and Monitoring Officer with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.*

*The Director, Financial Management and Director Legal Democratic Electoral Services and Monitoring Officer will jointly adopt the role of ensuring that the Chair and Vice Chair of the Pension Board does not have a conflict of interest. Further they must be satisfied that the Chair is carrying out his or her responsibilities under this part appropriately."*

### ***Employees***

In addition to the requirements of this Policy, officers of London Borough of Hackney are required to adhere to the Hackney Council Code of [Conduct](#) for Employees which includes requirements in relation to aiming to avoid conflicts of interests and declaring them in writing should they occur. Employees should comply with the Council's Policy on [Gifts and Hospitality](#).

### ***Advisers***

The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to Hackney Council or other scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the Hackney Council Pension Fund and on which advice is required. An adviser may also be appointed to advise the London CIV Pool while giving advice to Hackney Council. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so.

Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pensions Committee or Fund officers as long as there is no conflict of interest between the two roles.

The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with the Council.



## What is a Conflict or Potential Conflict and how will they be managed?

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by London Borough of Hackney, and
- at the same time, has:
- a separate personal interest (financial or otherwise) or
- another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility.
- the interests of any person or body from whom they have received a gift or hospitality with an estimated value of at least £25 within the last 12 months.

An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts are included in Appendix 1.

The Council encourages a culture of openness and transparency and encourages individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

The Council will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on Pension Fund operations and good governance were an actual conflict of interest to materialise.

### *Ways in which conflicts of interest may be managed include:*

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pensions Committee meeting)
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)
- If an adviser declares a conflict of interest, then a decision should be taken by the Assistant Director, Pension Fund Investments & Administration Fund in consultation with the Pension Committee Chair as to whether they can provide advice under these circumstances. The conflict should be declared ahead of the provision of any advice, and this requirement should be made clear to all advisors. If it is deemed that due to the conflict, they cannot provide advice, then an alternative adviser may be sought.
- For third parties, the Assistant Director, Pension Fund Investments & Administration Fund) should ensure that they have adequate conflict management policies in place. Any dealings with those third parties should not take place until the Assistant Director, Pension Fund Investments & Administration Fund is satisfied that any conflicts which arise shall be managed appropriately.

Provided that the Administering Authority (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, the Council shall endeavour to avoid the need for an individual to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Committee, Board or appointment.

### **LGPS Specific Conflicts**

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest to arise in certain areas. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

These areas are considered in more detail below.

#### ***Contribution setting for employers***

The setting of employer contribution rates must be done in a way that is fair and transparent. No employer or individual should be in the position to unduly influence the contribution setting process.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund Actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

### **Delivering the LGPS function for all employers**

All employers within the Fund are entitled to receive the same high-quality service and support from the Fund. Equally, the expectations required of all employers in respect of their obligations under the LGPS are the same for all employers. There should be no perception that the Council receives more favourable terms with regards to the service received from, or the obligations expected to, the Fund.

- The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all the employer base.
- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resources are approved by the Pension Committee on recommendation from the



S151 officer.

## Investment decisions

The primary investment objective of the Fund is to ensure that over the long term there will be sufficient assets to meet all pension liabilities as they fall due. Investment decisions have an impact on all employers within the Fund and so should reflect the long-term requirements of the Fund.

- The Investment Strategy Statement sets out how the Fund's money will be invested in order to meet future liabilities and contains the Fund's investment objectives and the asset classes in which it will invest. It also contains the Fund's approach to assessing environmental, social and governance risks and how it will act as a responsible asset owner with regard to engagement and voting shares for companies in which it is invested. The Statement also explains the Fund's approach to investments which deliver a social impact as well as a purely financial return.
- The Investment Strategy Statement is a statement of the beliefs, objectives and strategies pertaining to pension fund investments and is separate to and distinct from any policies that apply to the Council. For example, the Council may have particular strategies regarding tobacco investment as a consequence of its public health duties. This should remain distinct from the Fund's investment strategy, as set by the Pension Committee and which is operated on behalf of all Fund employers. A similar situation arises in respect of the Council's policy regarding matters such as investment in local housing or other infrastructure within the county, which remain distinct from the policies and strategies of the Pension Fund.
- From time to time the Council may pursue certain climate related goals, for example a commitment to being carbon neutral by a certain date. Actions taken in pursuit of these goals may impact on members and employees of the Council in certain ways, for example members and staff may be required to pursue low carbon travel options when travelling on Council business. Where this is the case, members and employees carrying out work related to the management of the Fund will be subject to the same policies as all other Council members or staff, insofar as they reflect operational matters. However, decisions in respect of Fund investments are made by the Pension Fund Committee on behalf of all employers in the Fund and as such will be made independently of any such London Borough of Hackney policies and strategies, though the Committee could independently reach the same outcomes.
- All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.

## Pooling

The Council is one of 32 equal shareholders in the London CIV ("LCIV"). The shareholders, as LGPS administering authorities, also purchase investment management services from LCIV. The nature of this relationship has the potential to lead to conflicts of interest that must be managed. The following mechanisms are in place.

- The interests of the shareholders of LCIV and those of any specific administering authority may not always be aligned. In order to ensure that the interests of the shareholders and of those procuring services from LCIV are both protected it is important that there is appropriate separation between the two functions. LCIV

maintains [Conflict of Interest Policy](#) and procedures.

- [LCIV Stewardship Report](#) sets out its approach to conflicts of interest which sets out how LCIV manages potential conflicts of interest through various mechanisms, which are summarised below:
  - Ensuring all staff discuss any foreseen potential conflict of interest from voting or engagement with their line manager and report to the Compliance and Risk Team.
  - Any potential conflicts arising over our approach to voting or engagement are discussed with the Chief Investment Officer (“CIO”) and reported to the Compliance and Risk Team
  - Split voting in exceptional circumstances in the event of a potential conflict
  - The Investment and Customer Outcomes Committee (“IOC”) to review voting decisions and engagement activities on a regular basis.
  - Allowing any unforeseen [conflicts of interests](#) to follow an escalation procedure involving the CIO
- Given the nature of the LGPS the likelihood exists that individuals with particular skills may move from employment with an administering authority to LCIV or the other way around. This is perfectly appropriate, and the transfer of knowledge can be beneficial to all parties. However, it is important that there is no suggestion that any individual is in a position to unduly influence the recruitment or remuneration setting processes. This is managed by ensuring that all recruitment to LCIV and to the constituent funds is carried out through a robust, open, competitive recruitment process involving HR professionals. LCIV has its own Remuneration Policy, setting out the remuneration practices of LCIV and ensuring that it complies with FCA remuneration requirements.

## **Responsibility**

The Administering Authority for the London Borough of Hackney Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Assistant Director, Pension Fund Investments & Administration Fund is the designated individual for ensuring the procedure outlined below is adhered to. For Pension Board members, the Director, Financial Management and the Director Legal, Democratic Electoral Services and Monitoring Officer and the Governance Services Team must be satisfied that no conflict of interest exists and, accordingly, all information relating to Pension Board members will be shared with the Assistant Director, Pension Fund Investments & Administration Fund Investment.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties.

## Operational procedure for officers, Pensions Committee members and Pension Board members

What is required	How this will be done
<p><i>Step 1 - Initial identification of interests which do or could give rise to a conflict.</i></p>	<p>During the Board recruitment process, on appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest the same or similar to that included in Appendix 2.</p> <p>The information contained in these declarations will be collated into the Pension Fund's Register of conflicts of interest in a format the same or similar to that included in Appendix 3.</p>
<p><i>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</i></p>	<p>At the commencement of any Pensions Committee, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any new potential conflicts. These will be recorded in the Fund's Register of conflicts of interest. In addition, the latest version of the register will be made available by the Assistant Director, Pension Fund Investments &amp; Administration Fund Investment to the Chairman of every meeting prior to that meeting.</p> <p>Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chairman and the Assistant Director, Pension Fund Investments &amp; Administration Fund Investment prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Assistant Director, Pension Fund Investments &amp; Administration Fund, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to the Assistant Director, Pension Fund Investments &amp; Administration Fund and where it relates to the business of any meeting, also to the Chairman of that meeting. The Assistant Director, Pension Fund Investments &amp; Administration Fund, in consultation with the Chair where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, the Assistant Director, Pension Fund Investments &amp; Administration Fund may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on how to address any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.</p>

<i>Step 3 - Periodic review of potential and actual conflicts</i>	At least once every 12 months, the Assistant Director, Pension Fund Investments & Administration Fund Investment will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will complete a new Declaration of Interest (see
	Appendix 2) confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration. The updated Register will then be circulated by the Assistant Director, Pension Fund Investments & Administration Fund to all individuals to whom it relates.

### *Conduct at Meetings*

There may be occasions / circumstances when a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Pensions Committee meeting, and that this will be recorded in the minutes.

*Disclosure of Gifts and Hospitality* - The Members' Code of Conduct of London Borough of Hackney applies to all Members. For the Purpose of this Policy, minor gifts such as t-shirts, pens, trade show bags and other promotional items obtained at events such as conferences, training events, seminars, that are offered equally to all members of the public or delegates attending the event do not need to be declared.

### Operational procedure for advisers

Although this policy applies to all of the key advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead all advisers must:

- make declarations of interest and conflicts at their appointment
- be provided with a copy of this policy on appointment and whenever it is updated
- adhere to the principles of this Policy
- maintain and operate their own conflicts policy and disclosure of conflicts policy
- provide to the Assistant Director, Pension Fund Investments & Administration information in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to London Borough of Hackney as Administering Authority on appointment or when updated
- Advisers will be required to declare interests on an annual basis in writing to the Assistant Director, Pension Fund Investments & Administration
- Notify the Assistant Director, Pension Fund Investments & Administration immediately of any appointments with the London Collective Investment Vehicle
- Notify the Assistant Director, Pension Fund Investments & Administration immediately should a potential or actual conflict of interest arise.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest. Where a potential conflict of interest is particularly complex or requires specialist input, the Administering Authority will seek external conflicts of interest under this policy.

## **Monitoring and Reporting**

The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request to the Assistant Director, Pension Fund Investments & Administration Fund. In addition information relating to conflicts of interest will be published in the Fund's Annual Report and Accounts.

In order to identify whether the objectives of this Policy are being met the Pensions Committee and Monitoring Officer will review the Register of conflicts of interest on an annual basis and consider whether there has been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

## **Key Risks**

The key risks to the delivery of this policy are outlined below all of which could result in an actual conflict of interest arising and not being properly managed. The Corporate Director, Finance and Corporate Services will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising or failure of that individual to carry out the operational aspects in accordance with this Policy
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

## **Costs**

All costs related to the operation and implementation of this Policy will be met directly by London Borough of Hackney Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

## **Approval, Review and Consultation**

This Conflicts of Interest Policy was approved at the London Borough of Hackney Pensions Committee meeting on 26 March 2019. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

## **Further Information**

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

London Borough of Hackney Pension Fund  
Financial Services Department  
4<sup>th</sup> Floor, Hackney Service Centre  
1 Hillman Street

London  
E8 4RU

Telephone: 020 8356 2745

Email: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk)



# Appendix 1

## Examples of Potential Conflicts of Interest

- An elected member on the Pensions Committee is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.
- Setting of employer contribution rates for the administering authority and other employers in the fund/or other parties which may impact decisions made in the best interest of the Fund. These may include shared service arrangements which impact the Fund operations directly or outsourcing relationships and companies related to or wholly owned by the London Borough of Hackney ("the Council"), which do not relate to pension fund operations.
- Any other roles within the Council being carried out by Pensions Committee members or officers which may result in a conflict either in the time available to dedicate to the Pensions Committee or in decision making or oversight. For example, some roles on other finance committees, Audit Committee or Cabinet should be disclosed.
- A member of the Pensions Committee is on the board of a supplier or has a personal or family relationship with an employee of a company that the Committee is considering appointing.
- A member representative (who is also a trade union representative) on the Board, only acts in the interests of their union and union membership rather than in the interest of all Fund members.
- An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, rather than those of all participating employers.
- An employer representative on the Local Pensions Board works for an employer who is not providing member information to the Fund in line with legislative requirements and the Board is considering whether this breach is reportable to The Pensions Regulator.
- An officer of the Fund or member of the Pensions Committee accepts a dinner invitation from a supplier who has submitted a bid as part of a tender process.
- An employer representative on the Local Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.
- An employer has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pensions Committee or Local Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pensions Committee or Local Pension Board.
- The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- Officers of the Fund are asked to provide a report to the Local Pension Board or Pensions Committee on whether the administration services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for the officers.

- A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, providing assistance with monitoring the covenant of employers or advising the Pool.
- Dual role of the administering authority as an owner and client of London CIV.
- Dual role of London CIV as strategic adviser, provision of support services and manager selection
- A Member of the Pensions Committee or officer of the Fund is on a London CIV Committee (e.g. Shareholders' Committee or Joint Advisory Group) and a matter is being considered that would benefit their originating Council or Pension Fund to a notably greater or lesser degree than other participating Councils or Funds.
- A member of the Pensions Committee is on the board of a Fund Manager that is being considered for appointment.
- Local investment decisions
- How the pension fund appropriately responds to Council decisions or policies on wider issues such as climate change.
- Stewardship related conflicts arise as a result of business relationships between asset owners and asset managers, ownership structure of invested companies, differences between the stewardship policies of asset managers and their clients, cross-directorships and client and other beneficiary interests which differ from each other.

Action - It should be disclosed that they have a role with that employer, and this should be noted in the register of interest. If the decision relates solely to that employer, then they may be required to abstain in the vote

Review date	Reviewed by	Amendments	Version
11 June 2025	Miriam Adams (LBH) and Ian Colvin (Hymans Robinson)	New, original version	2025.1

## Appendix 2

### Declaration of Interests relating to the management of the London Borough of Hackney Pension Fund administered by Hackney Council

I, [insert full name], am:

*Tick as appropriate*

- an officer involved in the management ☐
- a Pension Fund Committee Member ☐
- a Pension Board Member ☐

of the London Borough of Hackney Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under the London Borough of Hackney Pension Fund Conflicts of Interest Policy. I have put “none” where I have no such interests under any heading.

#### **Responsibilities or other interests that could result in a conflict of interest** (please list and continue on a separate sheet if necessary):

##### *1. Relating to me*

*a. Responsibilities relating to an employer in the pension fund*

*b. Membership of the LGPS*

*c. Other (see examples)*

##### *2. Relating to family members or close colleagues*

*a. Responsibilities relating to an employer in the pension fund*

*b. Membership of the LGPS*

*c. Other (see examples)*

**Undertaking:**

I declare that I understand my responsibilities under the London Borough of Hackney Pension Fund Conflicts of Interest Policy. I undertake to notify the Head of Financial Services of any changes in the information set out above.

Signed\_\_\_\_\_

Date\_\_\_\_\_

Name(CAPITAL LETTERS)\_\_\_\_\_

Position\_\_\_\_\_



## Appendix 3

### London borough of Hackney Pension Fund - Register of Potential and Actual Conflicts of

**Interest** All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by Hackney Council, the Administering Authority.

Date identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified(1)	Action taken(2)	Follow up required	Date resolved

<sup>(1)</sup> E.g. verbal declaration at meeting, written conflicts declaration, etc

<sup>(2)</sup> E.g. withdrawing from a decision making process, left meeting